



LEA 02	Disclosures	Monetary	Principles
<p>By providing investors the most up-to-date and comprehensive information on the company's ESG performance, we aim to support their investment decisions and to enhance their understanding of the company's long-term value creation potential. We also aim to support the company's ESG performance by providing investors with the information they need to make informed decisions.</p>	<p>LEA 02</p>	<p>Monetary</p>	<p>Principles PRI 1, 2, 3</p>
<p>Type of engagement</p> <p>Individual/internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p>Reason for interaction</p> <p>To support investment decision-making in &amp; company's interests</p> <p>To influence corporate transition for climate-related risks</p> <p>To engage investor ESG advisors</p> <p>Other: specify</p> <p>We do not engage in internal staff</p> <p>To support investment decision-making in &amp; company's interests</p> <p>To influence corporate transition for climate-related risks</p> <p>Other: specify</p> <p>We do not engage in collaborative engagements</p> <p>To support investment decision-making in &amp; company's interests</p> <p>To influence corporate transition for climate-related risks</p> <p>Other: specify</p> <p>We do not engage in service provider engagements</p> <p>To support investment decision-making in &amp; company's interests</p> <p>To influence corporate transition for climate-related risks</p> <p>Other: specify</p>		

# RI TRANSPARENCY REPORT

## 2014/15

Nikko AM Equities Australia Limited

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Private							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	🔒	n/a							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public							✓
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Private							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Private	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
LEI 02	Description of ESG incorporation	✓	Private	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Private	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Description of ESG integration	✓	Private	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Private	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 14	ESG issues in index construction	🔒	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Private		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Private	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Private		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 14	Examples of ESG engagements	✓	Private		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Private		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Private		✓					
LEA 20	Securities lending programme	✓	Private		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Private		✓					
LEA 24	Shareholder resolutions	✓	Private		✓					
LEA 25	Examples of (proxy) voting activities	✓	Private		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

# Nikko AM Equities Australia Limited

## Reported Information

## Public version

## Organisational Overview

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Basic Information

OO 01	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

OO 01.1 Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

<10%

10-50%

>50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory services

OO 02	Mandatory	Peering	General
-------	-----------	---------	---------

OO 02.1 Select the location of your organisation's headquarters.

Australia

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

1

2-5

6-10

>10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

12

OO 03	Mandatory	Descriptive	General
-------	-----------	-------------	---------

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

Yes

No

OO 04	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------



**OO 04.1** Indicate the year end date for your reporting year.

31/12/2014

**OO 04.2** Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		5	000	000	000
Currency	AUD				
Assets in USD		4	646	503	404

**OO 04.5** Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

**OO 06**

**Mandatory**

**Descriptive**

**General**

**OO 06.1** To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	100	0
Fixed income – corporate	0	0
Fixed income – government	0	0
Fixed income – other	0	0
Private debt	0	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0

Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

- Publish our asset class mix as broad ranges
- Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

### Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
-------	-----------	---------	---------

**OO 10.1**

Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- We incorporate ESG issues into investment decisions on our internally managed assets
- We engage with companies on ESG issues via our staff, collaborations or service providers
- We cast our (proxy) votes directly or via service providers
- None of the above

OO 12	Mandatory	Gateway	General
-------	-----------	---------	---------

**OO 12.1**

The modules and sections that you will be required to complete are listed below.

*This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.*

#### **Core modules**

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

#### **RI implementation directly or via service providers**

Direct - Listed Equity incorporation

Listed Equity incorporation

Direct - Listed Equity active ownership

Engagements

(Proxy) voting

**Closing module**

Closing module

# Nikko AM Equities Australia Limited

## Reported Information

## Public version

## Overarching Approach

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
-------	-----------	-----------------------	---------

**OA 01.1** Indicate if you have a responsible investment policy.

- Yes
- No

**OA 01.2** Indicate if you have other guidance documents or more specific policies related to responsible investment.

- Yes
- No

**OA 01.3** Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

As a long-term investor, Tyndall is focused on the fundamental performance of the corporates in which we invest. The consideration of responsible investment principals is consistent with our long-term valuation approach.

Tyndall supports the consideration of Environmental, Social and Governance (ESG) factors by corporates. In the long-term ESG issues can materially affect corporate valuations. By incorporating all material factors at the valuation level (including ESG factors) we can consistently and comprehensively incorporate responsible investment principals into our investment process.

As a general rule we will place a discount on our valuation where we feel a company significantly fails on ESG counts (typically up to 10%, before placing it into "hospital" or at the extreme discontinue or not initiate coverage). We believe we have most value to add and are best positioned to influence matters of corporate governance and so the discussion below is more comprehensive on this topic.

As far as the environment is concerned the approach is to ensure that the impact to the environment is properly incorporated into the cash flow expectations of the company under analysis. This includes both the valuation benefits to the company from the created externality as well as the environmental costs which the company may be liable for, even if these are many years in the future or even if they are contingent in nature.

As far as social costs are concerned, the approach is again focused around company valuation and risk assessment. In this case Tyndall considers the impact on communities and on individuals in order to assess financial risks and corporate efficiency.

Tyndall takes its fiduciary duties to clients seriously and this includes communicating with boards on a regular basis. There are two reasons for so communicating: firstly, to gain insights and share views on matters such as remuneration policy and management succession strategies; secondly, to convey specific views and concerns where these may arise, typical subjects being board composition and function, and remuneration policy. Key concerns include risk management, independence from management of both board and external auditors, and alignment of management rewards with shareholder interests.

OA 02	Mandatory	Core Assessed	PRI 6
-------	-----------	---------------	-------

**OA 02.3** Indicate if your other policies or guidance documents related to responsible investment are publicly available.

- Yes
  - Yes, all
  - Yes, some

**OA 02.4** List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.

Policy or document name	URL
Proxy Voting Policy	<a href="http://www.nikkoam.com.au/about/proxy-voting">http://www.nikkoam.com.au/about/proxy-voting</a>

No

**OA 03** **Mandatory** **Core Assessed** **PRI 1,2**

**OA 03.1** Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input type="checkbox"/> Specific guidelines on environmental issues <input type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

**OA 03.2** Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]

All stock researched or held are covered by our policy

**OA 04** **Mandatory** **Core Assessed** **General**

**OA 04.1** Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

- Yes
- No

**OA 04.3** Additional information. [Optional]

We have not had any material issues regarding conflict of interest.

Our first priority is our fiduciary duty to our client. We do not consider the other parts of the business in our investment decisions, with the exception being any legal requirements.

## Objectives and strategies

**OA 05**

**Mandatory**

**Gateway/Core Assessed**

**General**

**OA 05.1** Indicate if your organisation sets objectives for its responsible investment activities.

Yes

**OA 05.2** Indicate how frequently your organisation sets or revises objectives for responsible investment.

- At least once per year  
 Less than once per year

**OA 05.3** Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly  
 Biannually  
 Annually  
 Every two years or less  
 It is not reviewed  
  
 No

**OA 05.4** Additional information. [Optional]

We consider responsible investing to be a positive contributor to long-term investment performance. We believe that good implementation of responsible investing principals will lead to good long-term financial performance. We target long-term performance, so this should reflect our success at implementing responsible investing principals .

We now review our Responsible Investing activities and policies informally once a year. In the future we plan to introduce a more formal review process and a formal objective setting process.

## Governance and human resources

**OA 08**

**Mandatory**

**Gateway/Core Assessed**

**General**

**OA 08.1** Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

## Roles present in your organisation

- Board members or trustees
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
- Other Chief-level staff or head of department, specify
  - Head of Equities**
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
  - Portfolio managers
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
  - Investment analysts
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
- External managers or service providers
- Other role, specify
  - Responsible Investing Champion**
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
  - Other role, specify

**OA 08.2**

Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

Number

10

**OA 08.3**

Additional information. [Optional]

All analysts and portfolio managers contribute to the incorporation of RI issues into the valuation and portfolio construction decisions.

The Responsible Investing Champion ensures that the principles of RI are incorporated consistently in the investment process.

The Head of Equities and the RI Champion are accountable and responsible for RI outcomes

## Promoting responsible investment

**OA 10**

**Mandatory**

**Core Assessed**

**PRI 4,5**



**OA 10.1**

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

**Select all that apply**

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic  
 Moderate  
 Advanced
- Asian Corporate Governance Association  
 Association for Sustainable & Responsible Investment in Asia  
 Australian Council of Superannuation Investors  
 CDP Climate Change  
 CDP Forests  
 CDP Water  
 CFA Institute Centre for Financial Market Integrity  
 Council of Institutional Investors (CII)  
 Eumedion  
 Extractive Industries Transparency Initiative (EITI)  
 Global Investors Governance Network (GIGN)  
 Global Real Estate Sustainability Benchmark (GRESB)  
 Institutional Investors Group on Climate Change (IIGCC)  
 Interfaith Center on Corporate Responsibility (ICCR)  
 International Corporate Governance Network (ICGN)  
 Investor Group on Climate Change, Australia/New Zealand (IGCC)  
 Investor Network on Climate Risk (INCR)/CERES  
 Local Authority Pension Fund Forum  
 Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify  
 Shareholder Association for Research and Education (Share)  
 United Nations Environmental Program Finance Initiative (UNEP FI)  
 United Nations Global Compact  
 Other collaborative organisation/initiative, specify  
**Gens Terra Quaestus (GTQ) Conference**

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic  
 Moderate  
 Advanced
- Other collaborative organisation/initiative, specify  
**ESG Research Australia**

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

OA 11

Mandatory

Core Assessed

PRI 4

OA 11.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

OA 11.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
  - Provided financial support for academic or industry research on responsible investment
  - Encouraged better transparency and disclosure of responsible investment practices across the investment industry
  - Spoke publicly at events and conferences to promote responsible investment
  - Wrote and published in-house research papers on responsible investment
  - Encouraged the adoption of the PRI
  - Other, specify
- No

OA 11.3

Additional information. [Optional]

We have assisted a related Investment Management operation to implement Responsible Investing into their investment approach and encouraged adoption of the UN PRI.

# Nikko AM Equities Australia Limited

## Reported Information

### Public version

### Direct - Listed Equity Incorporation

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## ESG incorporation in actively managed listed equities

### Implementation processes


LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
--------	-----------	-----------------------	-------

**LEI 03.1**


Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.

#### ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	 99
--	--

- Screening + Integration strategies

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	 1
--	---

- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined
- No incorporation strategies applied

Total actively managed listed equities

100%

**LEI 03.2**

Describe your primary reasons for choosing a particular ESG incorporation strategy.

As a long-term investor, Tyndall is focused on the fundamental performance of the corporates in which we invest. The consideration of responsible investment principals is consistent with our long-term valuation approach.

Tyndall supports the consideration of Environmental, Social and Governance (ESG) factors by corporates. In the long-term ESG issues can materially affect corporate valuations. By incorporating all material factors at the valuation level (including ESG factors) we can consistently and comprehensively incorporate responsible investment principles into our investment process.

By incorporating ESG factors into the valuation process at the company level, we can raise issues with companies and positively influence behaviour.

As our analysts are experts in the material drivers of company valuation and are in communication with company management they are best placed to value ESG factors into the investment process and also to promote more responsible management behaviour.

**LEI 03.3**

Where assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

All of our Assets Under Management (AUM) are managed using the bottom-up valuation approach which incorporates ESG factors at the company valuation level.

One of our funds has a screening overlay which precludes investment in companies with a material proportion of socially irresponsible operations, such as gaming, alcohol and tobacco.

## (A) Implementation: Screening

**LEI 06**

**Mandatory**

**Descriptive**

**PRI 1**

**LEI 06.1**

Indicate and describe the type of screening you apply to your internally managed active listed equities.

### Type of screening

- Negative/exclusionary screening

### Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

### Description

We only apply screening to one fund, which has a socially responsible overlay. This screen is applied after the integrated ESG approach is used and alters the portfolio construction.

The rest of the funds do not utilise a screening mechanism.

- Positive/best-in-class screening
- Norms-based screening

**LEI 06.2**

Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

The screening for that one fund is determined by the client and implemented by the analyst.

LEI 07	Mandatory	Core Assessed	PRI 1
--------	-----------	---------------	-------

LEI 07.1	Indicate which processes your organisation uses to ensure that screening is based on robust analysis.
----------	---

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify  
  - The client specifies the screen for the one fund that utilises a screen. The implementation of the screen is done by the company analyst
- None of the above

LEI 07.2	Additional information. [Optional]
----------	------------------------------------

Screening is only used for one fund, all funds use a bottom up valuation of issues.

### (C) Implementation: Integration of ESG issues

LEI 11	Mandatory	Core Assessed	PRI 1
--------	-----------	---------------	-------

LEI 11.1	Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.
----------	---

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

**LEI 11.2** Additional information. [Optional]

We review all material factors affecting valuations of stocks, including ESG issues

## Communication

**LEI 18**

**Mandatory**

**Core Assessed**

**PRI 2,6**

**LEI 18.1**

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

- We disclose it publicly
- We disclose it to clients and/or beneficiaries only

**LEI 18.5**

Indicate the information your organisation proactively discloses to clients/ beneficiaries regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

**LEI 18.6**

Indicate how frequently you typically report this information.

- Quarterly or more frequently
  - Between quarterly and annually
  - Less frequently than annually
  - Other, specify
- We do not proactively disclose it to the public and/or clients/beneficiaries

# Nikko AM Equities Australia Limited

## Reported Information

### Public version

#### Direct - Listed Equity Active Ownership

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.



## Engagement

### Overview

LEA 02	Mandatory	Gateway	PRI 1,2,3
--------	-----------	---------	-----------

LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.
----------	---

Type of engagement	Reason for interaction
<b>Individual/Internal staff engagements</b>	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
<b>Collaborative engagements</b>	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
<b>Service provider engagements</b>	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via service providers

## Process

### Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 03.1	Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.
----------	---

☉ Yes

**LEA 03.2**

Describe how you identify and prioritise engagements.

We engage with the Chairmen of companies in which we have an overweight position and those where there are contentious proxy issues.

No

**LEA 03.3**

Additional information. [Optional]

It is an ongoing responsibility of the stock analyst to engage management as part of their task of valuing the stock. Where we have a holding we engage the Board, particularly where there are issues in the shareholder resolutions, or where there is particular governance risk.

**LEA 04****Mandatory****Core Assessed****PRI 2****LEA 04.1**

Indicate if you define specific objectives for your engagement activities.

- Yes
- Yes, for all engagement activities
  - Yes, for the majority of engagement activities
  - Yes, for a minority of engagement activities
- No

**LEA 04.2**

Indicate if you monitor the actions that companies take following your engagements.

- Yes
- Yes, in all cases
  - Yes, in the majority of cases
  - Yes, in the minority of cases

**LEA 04.3**

Describe how you monitor and evaluate the progress of your engagement activities.

Engagements with boards/directors/Chairmen are flagged to the investment team and the ESG Champion. Objectives are raised. The discussions/engagements are reported to the investment team as are any outcomes.

No

**Process for engagements conducted via collaborations****LEA 05****Mandatory****Core Assessed****PRI 2****LEA 05.1**

Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

Yes

**LEA 05.2**

Describe how you identify and prioritise collaborative engagements.

When there are specific issues that we believe would be better raised by collaborative means we resort to collaborative engagements. Generally though we prefer to directly engage corporates.

An example of a collaborative engagement is remuneration. Since a consensus is required for the Chairman to suggest a change, we have worked with certain brokers to promote our views.

No

**LEA 06****Mandatory****Core Assessed****PRI 2****LEA 06.1**

Indicate if the collaborative engagements in which you are involved have defined objectives.

Yes

- Yes, for all collaborative engagement activities
- Yes, for the majority of collaborative engagement activities
- Yes, for a minority of collaborative engagement activities

No

**LEA 06.2**

Indicate if you monitor the actions companies take following your collaborative engagements.

Yes

- Yes, in all cases
- Yes, in the majority of cases
- Yes, in the minority of cases

**LEA 06.3**

Describe how you monitor and evaluate the progress of your collaborative engagement activities.

Since we are entering collaborative engagements for specific reasons, they are rare and the results are obvious.

No

**General processes for all three groups of engagers****LEA 10****Mandatory****Gateway/Core Assessed****PRI 2****LEA 10.1**

Indicate if you track the number of engagements your organisation participates in.

Type of engagement	Tracking engagements
<b>Individual / Internal staff engagements</b>	<input type="radio"/> Yes, we track the number of our engagements in full <input checked="" type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
<b>Collaborative engagements</b>	<input type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input checked="" type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

**LEA 10.2** Additional information. [Optional]

We engage with the majority of companies we can invest in at a management level. For those companies we invest in, we have a high though not measured proportion of engagement with the Board.

## Communication

**LEA 15**

**Mandatory**

**Core Assessed**

**PRI 2,6**

**LEA 15.1**

Indicate whether your organisation proactively discloses information on its engagements.

- We disclose it publicly
- We disclose it to clients and/or beneficiaries only

**LEA 15.5**

Indicate what engagement information your organisation proactively discloses to clients/beneficiaries.

Engagement information disclosed

- Details of the selections, priorities and specific goals of engagement
- Number of engagements
- Breakdown of engagements by type/topic
- Breakdown of engagements by region
- An assessment of the current status of the engagement
- Outcomes that have been achieved from the engagement
- Other information

**LEA 15.6** | Indicate how frequently you typically report engagements information

- Disclosed continuously (prior and post engagements)
  - Disclosed quarterly
  - Disclosed annually
  - Disclosed every two years or less
  - Other, specify
- We do not proactively disclose it to the public and/or clients/beneficiaries.

**LEA 15.8** | Additional information. [Optional]

Some clients request this information annually and we provide it when requested. Some details of the types of engagements are given but not in a comprehensive manner.

**(Proxy) voting and shareholder resolutions**

**Process**

**LEA 17**

**Mandatory**

**Descriptive**

**PRI 2**

**LEA 17.1**

Indicate how you typically make your (proxy) voting decisions and what this approach is based on.

**Approach**

- We use our own research or voting team and make our own voting decisions without the use of service providers.

**Based primarily on**

- our own voting policy
  - our clients requests or policy
  - other, explain
- We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.
- We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- We hire service provider(s) which make voting decisions on our behalf.

**LEA 21**

**Mandatory**

**Core Assessed**

**PRI 2**

<b>LEA 21.1</b>	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
-----------------	---

- Yes, in most cases
- Sometimes, in the following cases:
- No
- Not applicable as we and/or our service providers do not abstain or vote against management recommendations

<b>LEA 21.2</b>	Additional information. [Optional]
-----------------	------------------------------------

We generally contact the Board to discuss issues that we have voted against.

## Outputs and outcomes

<b>LEA 22</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
---------------	------------------	----------------------	--------------

<b>LEA 22.1</b>	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
-----------------	---

- We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

100

	Specify the basis on which this percentage is calculated
--	--

- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted

<b>LEA 22.2</b>	If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional]
-----------------	--

There will be times when we abstain from voting, and the reason is that we do not want to vote for the resolution and want to send a message to the company without voting against it.

An example would be the re-election of a director which we do not support. We would not want to vote against the re-election though as this could lead to a shortage of Board members to fill the committee. By abstaining we send a message to the Board without the negative shareholder value effects of voting out a Board member, thereby fulfilling our fiduciary duty.

There was one proxy for which we abstained from voting during 2014. We abstained from voting for the approval of the issue of shares to professional investors. We did not vote against it as it would have been very costly for the company if the vote had failed, but we did not want to vote for it either as we did not agree with the issue. This was a small holding (around 1% of the portfolio) and it was not held in the majority of portfolios.

We do not track or collect this information

## Communication

LEA 26

Mandatory

Core Assessed

PRI 2,6

LEA 26.1

Indicate if your organisation proactively discloses information on your voting activities.

We disclose it publicly

provide URL

<http://www.nikkoam.com.au/about/proxy-voting>

LEA 26.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

LEA 26.3

Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Indicate how much of your voting record you disclose

- All voting decisions
- Some voting decisions
- Only abstentions and opposing vote decisions
- Summary of votes only

Indicate what level of explanation you provide

- Explain all voting decisions
- Explain some voting decisions
- Only explain abstentions and votes against management
- No explanations provided

**LEA 26.4**

Indicate how frequently you typically report voting information.

- Continuously (primarily before meetings)
- Continuously (soon after votes are cast)
- Quarterly or more frequently
- Between quarterly and annually
- Less frequently than annually
- Other, specify
- No
- We disclose it to clients/beneficiaries only
- We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries